



# Department of Justice

United States Attorney Gregory G. Lockhart  
Southern District of Ohio

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CONTACT: Fred Alverson  
614-469-5715  
FAX: 614-469-5503

## **LOCAL MORTGAGE LOAN OFFICER SENTENCED TO TWENTY MONTHS FOR MORTGAGE FRAUD**

DAYTON -- Timothy Pearson, age 37, of Beavercreek, Ohio was sentenced to serve 20 months in federal prison, followed by three years of supervised release, and ordered to pay \$171,211 in restitution to the Internal Revenue Service (IRS) for his role in a mortgage fraud scheme. Pearson had previously been employed as a loan officer at: City Fed Mortgage Company located at 3884 Indian Ripple Road, Beavercreek, Ohio; Tri County Mortgage also located at 3884 Indian Ripple Road; and Montgomery Mortgage, located at 539 Windsor Park Drive, Centerville, Ohio.

Gregory G. Lockhart, United States Attorney for the Southern District of Ohio; Jose A. Gonzalez, Special Agent in Charge, Internal Revenue Service, Criminal Investigation; Keith L. Bennett, Special Agent in Charge, Federal Bureau of Investigation, Cincinnati Field Division; and Terry Neeley, Task Force Director, Montgomery County Mortgage Fraud Task Force announced the sentence handed down today by Senior United States District Judge Walter H. Rice.

Pearson pleaded guilty on March 12, 2007 to one count of conspiracy to commit money laundering and to two counts of income tax evasion. According to court documents and testimony, Pearson was involved in a mortgage fraud conspiracy spanning between March 2001 and December 2005. Pearson directly and indirectly participated in at least 365 fraudulent real estate closings in the Greater Dayton area. Eight named and various unnamed co-conspirators fraudulently obtained in excess of \$13.3 million for their collective personal use. Pearson personally derived \$919,000 in gross receipts as part of this conspiracy. Pearson prepared and submitted fraudulent mortgage loan applications on behalf of prospective purchasers of residential properties, a majority of which were located in the Dayton, Ohio area. In addition, Pearson fraudulently provided down payments for the purchasers at the real estate closings.

Pearson was also convicted of two counts of income tax evasion related to his 2001 and 2002 personal federal income tax returns.

"We know that fraud has contributed to the current woes facing many homeowners struggling to hang on to their American dream," Lockhart said. "I want to commend the efforts by the agents and officers on the task force in their continued efforts to fight such fraud."

"Mortgage fraud adds to the underground economy that erodes the integrity of our tax system and threatens the financial health of our communities," Gonzalez said. "This mortgage fraud task force investigation is a prime example of how the spirit of cooperation amongst the law enforcement community prospers."

This case was investigated by special agents of IRS-Criminal Investigation, the Federal Bureau of Investigation, and members of the Montgomery County Mortgage Fraud Task Force.

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